

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

**OCD-HOBBS**

FORM APPROVED  
OMB No. 1004-0137  
Expires: October 31, 2014

**SUNDRY NOTICES AND REPORTS ON WELLS**  
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.*

5. Lease Serial No.  
NMNM 0149957

6. If Indian, Allottee or Tribe Name

**SUBMIT IN TRIPLICATE** – Other instructions on page 2.

7. If Unit of CA/Agreement, Name and/or No.

1. Type of Well  
 Oil Well     Gas Well     Other

8. Well Name and No.  
Brooks Federal #003 ✓

2. Name of Operator  
BC Operating, Inc. ✓

9. API Well No.  
30-025-01711 ✓

3a. Address  
P.O. Box 50820  
Midland, Texas 79710

3b. Phone No. (include area code)  
432-684-9696

**HOBBS OCD**  
**JAN 25 2016**  
**RECEIVED**

10. Field and Pool or Exploratory Area  
SWD;Yates/Salt Lake; Yates

4. Location of Well (Footage, Sec., T.,R.,M., or Survey Description)  
660' FSL & 1980' FEL, Section 7, T-20S, R-33E

11. County or Parish, State  
Lea County, New Mexico

**12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA**

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input checked="" type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Run tubing</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

MIRU pulling unit. ND WH & NU BOP. Unseat packer. TOOHD 2-1/16" tubing. Tally tubing. RIH w 2 7/8" bit on 2-1/16" rental workstring. Clean out well with reverse unit to 2930' OH. 3 1/2" casing is set @ 2910'. TOOHD bit & workstring.

TIH w/new 2-1/16" 3.25# J-55 glassbore lined injection tubing and 3 1/2" nickel plated double grip packer. Set packer @ 2835'. ND BOP & NU WH. Test packer to 500 psi for 30 minutes. Run MIT and turn in charts. MIRU pump truck and acid transport. Acidize Yates w/3000 gals of 15% HCL in 3 stages using rock salt as diverter. Overflush w/200 bbls FW. MIRU WL truck & RU pump truck. Run radioactive tracer survey. RDMO pulling unit.

**SUBJECT TO LIKE APPROVAL BY STATE**

**SEE ATTACHED FOR CONDITIONS OF APPROVAL**

**Condition of Approval: notify  
OCD Hobbs office 24 hours  
prior of running MIT Test & Chart**

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)  
Pam Stevens Title Regulatory Analyst

Signature *Pam Stevens* Date 01/30/2015

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by \_\_\_\_\_ Title \_\_\_\_\_  
\_\_\_\_\_ Office \_\_\_\_\_

**APPROVED**  
JAN 12 2016  
*PK Swartz*  
BUREAU OF LAND MANAGEMENT  
CARLSBAD FIELD OFFICE

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*MAB/OCD 2/3/2016 FEB 03 2016*

*dy*

## Conditions of Approval

**BC Operating, Inc.**  
**Brooks - 03, API 3002501711**  
**T20S-R33E, Sec 07, 660FSL & 1980FEL**  
**January 12, 2016**

- 1. Operator is required to have BLM approved NOI procedure with applicable conditions of approval on location during workover operations.**
2. Due to being within the Lesser Prairie Chicken habitat, this workover activity will be restricted to the hours of 9:00am through 3:00am for the period of March 1 through June 15. Exceptions to these restrictions may be granted by BLM's Johnny Chopp <jchopp@blm.gov> 575.234.2227.
3. Subject to like approval by the New Mexico Oil Conservation Division.
4. Surface disturbance beyond the existing pad shall have prior approval.
5. A closed loop system is required. The operator shall properly dispose of drilling/circulating contents at an authorized disposal site. Tanks are required for all operations, no excavated pits.
6. Functional H<sub>2</sub>S monitoring equipment shall be on location.
7. 2000 (2M) Blow Out Prevention Equipment to be used. All BOPE and workover procedures shall establish fail safe well control. Blind ram(s) and pipe ram(s) designed to close on all workstring diameters used is required equipment. A manual BOP closure system (hand wheels) shall be available for use regardless of BOP design. Function test the installed BOPE to 500psig when well conditions allow. Related equipment, (choke manifolds, kill trucks, gas vent or flare lines, etc.) shall be employed when needed for reasonable well control requirements.
8. All waste (i.e. trash, salts, chemicals, sewage, gray water, etc.) created as a result of work over operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area. Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.
9. Class II (production water disposal) wells will **not be permitted Acid Stimulation Pressures** or "Injectivity Tests" that exceed the NMOCD/BLM generic frac pressure which is: .2 x ft depth to the topmost injection or 50psig below the frac point as clearly indicated by a BLM accepted "Step Rate Test".
10. Submit an electronic copy of the **post acid treatment radioactive tracer survey**, to be ran with no more than 512psig wellhead pressure.
11. File intermediate **subsequent sundry** Form 3160-5 within 30 days of any interrupted workover procedures and a complete (dated daily) workover subsequent sundry.

12. Workover approval is good for 90 days. A legitimate request is necessary for extension of that date.
13. Approval is granted for **disposal of water produced on lease only from the “designated” Yates formation into this well’s “designated” Yates disposal formation** on the lease, communitization, or unit agreement of this well only. Disposal fluid from another operator, lease, communitization, or unit agreement require BLM surface right-of-way agreement **approvals** and if applicable, authorization from the surface owner. This lease is in the area of BLM Secretary Potash and Capitan Reef restrictions. For several years now, BLM approved APDs in this area require four casing strings. The Yates completions on this lease do not meet those restrictions. BLM geological investigations indicate these completions most likely have communication with and/or are producing from the Capitan Reef.
14. Include a site security diagram for the water disposal facility upstream of this well with the subsequent sundry report for this operation. Document the lease name and the lease number of the source(s) of production water disposed to that facility with the diagram.

#### Well with a Packer - Operations

- 1) Conduct a Mechanical Integrity Test of the tubing/casing annulus after a tubing, packer or casing seal is established.
- 2) The minimum test pressure should be 500 psig for 30 minutes or 300 psig for 60 minutes, with a minimum 200 psig differential between tubing and casing pressure (at test time) but no more than 70% of casing burst pressure as described by Onshore Order 2.III.B.1.h. (The tubing or reservoir pressure may need to be reduced). **Verify all annular casing vents are plumbed to surface and those valves open to the surface during this pressure test.** An alternate method for a BLM approved MIT is to have the fluid filled system open to atmospheric pressure and have a loss of less than five barrels in 30 days witnessed by a BLM authorized officer.
- 3) Document the pressure test on a one hour full rotation calibrated (within 6 months) recorder chart registering within 25 to 85 per cent of its full range. Greater than 10% pressure leakoff will be viewed as a failed MIT. Less than 10% pressure leakoff will be evaluated site specifically and may restrict injection approval.
- 4) Make arrangements 24 hours before the test for BLM to witness. In Eddy County email Paul R. Swartz [pswartz@blm.gov](mailto:pswartz@blm.gov) or phone 575-200-7902, if there is no response, 575-361-2822. In Lea County phone 575-393-3612. If no answer, leave a voice mail or email with the API#, workover purpose, and a call back phone number
- 5) Use of tubing internal protection, tubing on/off equipment just above the packer, a profile nipple, and an in line tubing check valve below the packer or between the on/off tool and packer is a “Best Management Practice”. The setting depths and descriptions of each are to be included in the subsequent sundry.
- 6) Compliance with a NMOC Administrative Order is required.
  - a) Approved injection pressure compliance is required.

- b) If injection pressure exceeds the approved pressure you are required to reduce that pressure and notify the BLM within 24 hours.
- c) When injection pressure is within 50 psig of the maximum pressure, install automation equipment that will prevent exceeding that maximum. Submit a subsequent report (Sundry Form 3160-5) describing the installed automation equipment within 30 days.
- 7) A request for increased wellhead pressures is to be accompanied by a step rate test. PRIOR to a Step Rate Test BLM – CFO is requiring a Notice of Intent.
- 8) Class II (production water injection) wells will not be permitted stimulation injection pressures that exceed frac pressure.
- 9) Unexplained significant variations of rate or pressure to be reported within 5 days of notice.
- 10) The casing/tubing annulus is required to be monitored for communication with injection fluid or loss of casing integrity. A BLM inspector may request verification of a full annular fluid level at any time.
- 11) Maintain the annulus full of packer fluid at atmospheric pressure. Installation of equipment that will display continuous open to the air packer fluid level above the casing vent is required for this disposal well.**
- 12) Notify the BLM's authorized officer ("Paul R. Swartz" <[pswartz@blm.gov](mailto:pswartz@blm.gov)>, cell phone 575-200-7902) before injection begins to arrange for approval of the annular monitoring system.**
- 13) Loss of packer fluid above five barrels per month indicates a developing problem. Notify BLM Carlsbad Field Office, Petroleum Engineering within 5 days.
- 14) A suggested format for monthly records documenting that the casing annulus is fluid filled is available from the BLM Carlsbad Field Office.
- 15) Gain of annular fluid pressure requires notification within 24 hours. Cease injection and maintain a production casing pressure of 0psia. Notify the BLM's authorized officer ("Paul R. Swartz" <[pswartz@blm.gov](mailto:pswartz@blm.gov)>, cell phone 575-200-7902). If there is no response phone 575-361-2822.
- 16) Class II (production water disposal) wells will not be permitted Stimulation Pressures or "Injectivity Tests" that exceed the NMOCD/BLM generic frac pressure which is: .2 x ft depth to the topmost injection or 50psig below the frac point as clearly indicated by a BLM accepted "Step Rate Test".
- 17) A request for increased wellhead pressures is to be accompanied by a "Step Rate Test:" that is to clearly indicate any requested wellhead pressure is +50psig below frac pressure for the wellbore's disposal formation. PRIOR to a Step Rate Test BLM – CFO is requiring a Notice of Intent.
- 18) The subsequent report is to include all stimulation injection pressures. Report maximum/minimum injection rate (BPM) and max/min stimulation injection pressures (psig). Include descriptions (dated daily) of the well work and the setting depths of installed equipment: internally corrosive protected tubing, profile nipple, and tubing on/off tool.

19) Submit a (BLM Form 3160-5 subsequent report (daily reports) via BLM's Well Information System; <https://www.blm.gov/wispermits/wis/SP> (email [pswartz@blm.gov](mailto:pswartz@blm.gov) for instructions) describing (dated daily) all wellbore activity and the Mechanical Integrity Test.

Access information for use of Form 3160-5 "Sundry Notices and Reports on Wells"

NM Fed Regs & Forms - [http://www.blm.gov/nm/st/en/prog/energy/oil\\_and\\_gas.html](http://www.blm.gov/nm/st/en/prog/energy/oil_and_gas.html)

§ 43 CFR 3162.3-2 Subsequent Well Operations.

§ 43 CFR 3160.0-9 (c)(1) Information collection.

§ 3162.4-1 (c) Well records and reports.